

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Public Inquiry on the Methodology to  
Estimate the Value of the Postal Service  
Letter and Mailbox Monopolies

Docket No. PI2020-1

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued November 4, 2019)

To further assist the Commission in its public inquiry concerning potential methodological changes to the computation of the estimated values of both the combined letter and mailbox monopolies and the mailbox monopoly alone,<sup>1</sup> the Postal Service is requested to provide written responses to the following questions. The responses should be provided as soon as possible, but no later than November 12, 2019.

1. Please refer to the revised Attachment to Chairman's Information Request No. 1.<sup>2</sup>

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<sup>1</sup> Notice and Order Providing an Opportunity to Comment, October 1, 2019 (Order No. 5260).

<sup>2</sup> Revised Attachment to Responses of the United States Postal Service to Chairman's Information Request No. 1 -- Errata, October 18, 2019, Excel file "PI.ChIR1.Q.2.3.Attach.Rev.10.18.19.xlsx," tab "2b" (Revised Attachment to CHIR No. 1).

- a. Please confirm that the FY 2017 city carrier total delivered delivery point sequence (DPS) volume estimated by the sampled route-days in the “UIOCS” stratum is 3,962,473,020.<sup>3</sup>
- b. If the answer to question 1.a is not confirmed, please provide the city carrier total FY 2017 DPS delivered volume estimated by the sampled route-days in the “UIOCS” stratum and explain how the estimate was developed.
- c. Please confirm that the FY 2017 city carrier total delivered DPS volume estimated by the sampled route-days in the “UBUS” stratum is 489,000,096.
- d. If the answer to question 1.c is not confirmed, please provide the city carrier total FY 2017 DPS delivered volume estimated by the sampled route-days in the “UBUS” stratum and explain how the estimate was developed.
- e. Please confirm that the city carrier total FY 2017 delivered DPS volume estimated by the sampled route-days in the “URES” stratum is 54,994,718,100.
- f. If the answer to question 1.e is not confirmed, please provide the city carrier total FY 2017 DPS delivered volume estimated by the sampled

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<sup>3</sup> Commission analysis of Docket No. ACR2017, Library Reference USPS-FY17-34, December 29, 2017, SAS dataset “cccs\_z\_acr\_public\_fy17\_final.sas7bdat.” The CCCS sample records are weighted using the quarterly “DELWGT” variable (“DELAYS” variable (total number of delivery days) multiplied by the ratio of the “MASTER” variable (actual total number of routes in that stratum type) to the “COMPLETE” variable (the number of routes sampled in that stratum)) multiplied by the “NOPIECES” (total mailpieces for the entry weighted by the skip interval) variable. Collectively, this weights the sampled route-day up to the number of delivery days in the fiscal year quarter, weights the sampled routes tested up to the quarterly total number of routes in that stratum, and weights the number of mailpieces sampled on that route-day for that mail type, up to the total for that mail type if a sampling skip interval was used. See Library Reference USPS-FY17-34, PDF file “USPS-FY17-34\_CCCS\_Preface.pdf,” at 5, 29.

route-days in the “URES” stratum and explain how the estimate was developed.

2. The Commission’s preliminary analysis using the FY 2017 public City Carrier Cost System (CCCS) SAS dataset provided in Docket ACR2017 calculates different DPS mail product type percentages by stratum<sup>4</sup> than those provided in the Postal Service’s Revised Attachment to CHIR No. 1 for the manual CCCS sample (Revised Attachment).<sup>5</sup> The following questions relate to some of those differences.
  - a. Based on this preliminary analysis, an estimated 1,444,974,502 First-Class Presorted DPS letters were delivered (Monday through Saturday, excluding holidays)<sup>6</sup> in FY 2017 by city carriers on letter routes in ZIP Codes with five or fewer city carrier routes nationwide.<sup>7</sup> Given this estimate, First-Class Presorted DPS letters appear to make up 36.47 percent of the total DPS mail delivered by city carriers on letter routes in ZIP Codes with five or fewer city carrier routes.<sup>8</sup> However, the Revised Attachment estimates that 33.63 percent are First-Class Presorted DPS

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<sup>4</sup> Library Reference USPS-FY17-34, SAS dataset “cccs\_z\_acr\_public\_fy17\_final.sas7bdat.” The stratum specific (sampled route is weighted to represent all routes of that type nationwide) estimated quarterly volume from the routes sampled in each separate stratum are summed to produce the estimated overall volume of city carrier delivered mail products on letter routes nationwide.

<sup>5</sup> See Revised Attachment to CHIR No. 1, Excel file “PI.CHIR1.Q.2.3.Attach.Rev.10.18.19.xlsx,” tab “2b.”

<sup>6</sup> See Library Reference USPS-FY17-34, PDF file “USPS-FY17-34\_CCCS\_Preface.pdf,” at 4.

<sup>7</sup> Commission analysis of Docket No. ACR2017, Library Reference USPS-FY17-34, SAS dataset “cccs\_z\_acr\_public\_fy17\_final.sas7bdat.” This DPS product type is found in the “MAILCODE” variable indicated by a value of “010110” in the FY 2017 CCCS SAS dataset. See also Revised Attachment to CHIR No. 1, Excel file “PI.CHIR1.Q.2.3.Attach.Rev.10.18.19.xlsx,” tab “2b,” cell D2.

<sup>8</sup> Using the Commission-calculated estimated FY 2017 DPS total volume (in question 1.a of this CHIR) for all city carrier routes nationwide in ZIP Codes with five or fewer city carrier routes as the denominator.

letters.<sup>9</sup> Please discuss the reason(s) for the difference and explain the Postal Service's calculation methodology.

- b. Based on this preliminary analysis, an estimated 131,134,667 Marketing Mail Nonprofit DPS letters were delivered (Monday through Saturday, excluding holidays)<sup>10</sup> in FY 2017 by city carriers on all business routes (foot or motorized routes on which 70 percent or more of the possible deliveries are to business establishments)<sup>11</sup> in ZIP Codes with six or more city carrier routes nationwide.<sup>12</sup> Given this estimate, Marketing Mail Nonprofit DPS letters appear to make up 26.82 percent of the total DPS mail delivered by city carriers on business routes (ZIP Codes with 6 or more city carrier routes) nationwide.<sup>13</sup> However, the Revised Attachment estimates that 25.20 percent are Marketing Mail Nonprofit DPS letters.<sup>14</sup> Please discuss the reason(s) for the difference and explain the Postal Service's calculation methodology.

3. The Postal Service states that when the ZIP Code of a manual CCCS test happens to be the same ZIP Code as the digital DPS CCCS test, "it is very

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<sup>9</sup> See Revised Attachment to CHIR No. 1, Excel file "PI.ChIR1.Q.2.3.Attach.Rev.10.18.19.xlsx," tab "2b," cell C3.

<sup>10</sup> See Library Reference USPS-FY17-34, PDF file "USPS-FY17-34\_CCCS\_Preface.pdf," at 4.

<sup>11</sup> Responses of the United States Postal Service to Questions 1-5 of Chairman's Information Request No. 1, October 17, 2019, question 2.c (Response to CHIR No. 1).

<sup>12</sup> Commission analysis of Library Reference USPS-FY17-34, SAS dataset "cccs\_z\_acr\_public\_fy17\_final.sas7bdat." This DPS product type is found in the "MAILCODE" variable indicated by a value of '030200' in the FY 2017 CCCS SAS dataset in Library Reference USPS-FY17-34. See also Revised Attachment to CHIR No. 1, Excel file "PI.ChIR1.Q.2.3.Attach.Rev.10.18.19.xlsx," tab "2b," cell G2.

<sup>13</sup> Using the Commission-calculated estimated FY 2017 DPS total volume (in question 1.b of this CHIR) for all business routes nationwide in ZIP Codes with six or more city carrier routes as the denominator.

<sup>14</sup> See Revised Attachment to CHIR No. 1, Excel file "PI.ChIR1.Q.2.3.Attach.Rev.10.18.19.xlsx," tab "2b," cell G4.

unlikely that these would both be tested on the same day since the samples [from each sampling system] are generated independently.”<sup>15</sup>

- a. Please specify whether the type of DPS mail products delivered may differ given the day of the week for the route types sampled in the manual CCCS and for the type of zones sampled in the DPS CCCS digital sample. If applicable, please describe the circumstances under which the DPS mail products may differ.
  - b. Please explain how the total number of sampled days (Monday through Saturday) is distributed (by day of the week on which the test is conducted) in a fiscal year quarter.
    - i. If the sample day of the week distribution varies by fiscal year quarter, please explain.
    - ii. If the sample day of the week distribution differs between the manual CCCS sample and the digital DPS CCCS sample, please explain and demonstrate how the total number of sample days selected for each sampling system is distributed (by day of the week on which the test is conducted) in a fiscal year quarter.
  - c. Please describe the potential impact on estimated DPS mail product types if the sampled day in the digital DPS CCCS is different from the sampled day in the manual CCCS.
4. Please refer to the Revised Attachment to CHIR No. 1.
- a. The Postal Service provides the total number of days sampled in each fiscal year quarter for the manual CCCS strata.<sup>16</sup> Please show how the

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<sup>15</sup> Response to CHIR No. 1, question 1.b.v.

<sup>16</sup> See tab “2f-g-h,” rows 11-15.

- sampld days by stratum are distributed in the weeks of the months for each FY 2018 quarter.
- b. The Postal Service provides the total number of days sampled in each fiscal year quarter for the digital DPS CCCS strata.<sup>17</sup> Please show how the sampled days by stratum are distributed in the weeks of the months for each FY 2018 quarter.
  - c. Please describe any potential differences in DPS product types given which weeks are sampled for each month in the fiscal year quarter.
5. For the manual CCCS sample, the Postal Service states that “[w]ithin each stratum, routes are geographically ordered, and a systematic random sample of routes is selected.”<sup>18</sup>
- a. Please describe what geographic information is selected and the basis for the selection.
  - b. Please provide a complete list of geographic indicators that can be linked to the sampled city carrier route.
6. The Postal Service states that “[w]hile it is likely to prove difficult to obtain distribution factors from DPS digital images for individual routes, it appears to be feasible to obtain these for individual zones.” Response to CHIR No. 1, question 5.b.
- a. Please describe any Postal Service analysis related to the similarities or differences in the DPS product type distribution between the digital DPS CCCS data selected from the same zone as the route selected in the manual CCCS “IOCS,” “UBUS,” and “URES” strata.

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<sup>17</sup> See tab “3i.”

<sup>18</sup> See Library Reference USPS-FY17-34, PDF file “USPS-FY17-34\_CCCS\_Preface.pdf,” at 4.

- b. If no comparison has been conducted between the types of DPS mail products from the digital DPS CCCS in the same zone as the manual CCCS sampled route, please identify a timeframe for when this type of analysis may be available.
- c. Please discuss whether the Postal Service has sufficient quarterly DPS digital images to develop product distribution factors for all zones in which the manual CCCS routes are selected.

By the Chairman.

Robert G. Taub